

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1762
ANSWERED ON:10.12.2004
VIOLATION OF GUIDELINES BY PRIVATE BANKS
Yadav Shri Baleshwar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that some private banks are ignoring the guidelines of the Reserve Bank of India in granting loan to primary sector; and

(b) if so, the steps being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) : No, Sir. The Reserve Bank of India has advised banks including the banks in the private sector to prepare well defined Loan Policy approved by their respective Board of Directors. The Loan Policy including the one relating to priority sector should lay down exposure limits to individual / group of borrowers, documentation standards. Sectoral exposure limits, delegation of powers including for write off and review procedures maturity and pricing policies, factors to be taken into consideration for deciding interest rates above the floor rate and achieving target stipulated under social lending.